

Message Text

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43

ACTION ARA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-01

INR-07 NSAE-00 TRSE-00 XMB-04 OPIC-06 SP-02 CIEP-02

LAB-04 SIL-01 OMB-01 L-02 H-02 PA-02 PRS-01 USIA-15

SS-15 NSC-05 IGA-01 /094 W
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R 051356Z MAR 75

FM AMEMBASSY SAN JOSE

TO SECSTATE WASHDC 9526

UNCLAS SAN JOSE 0910

E.O. 11652: N/A

TAGS: EINV CS

SUBJECT: GOVERNMENT POLICY ON FOREIGN INVESTMENT

1. ACTING PRESIDENT CARLOS MANUEL CASTILLO, IN A RECENT INFORMAL PRESS CONFERENCE, MADE COMMENTS ABOUT THE GOVERNMENT'S POLICY ON FOREIGN INVESTMENT, WHICH ARE SIGNIFICANT FROM THE POINT OF VIEW OF ASSESSING THE INVESTMENT CLIMATE IN COSTA RICA.

2. THE MAIN POINTS MADE BY CASTILLO WERE: 1) FOREIGN INVESTMENT MUST BE COMPLIMENTARY TO LOCAL IN SEEKING OUTSIDE FUNDS, PREFERENCE MUST BE GIVEN TO LOAN OBTAINED ON TERMS THAT ARE APPROPRIATE TO THE NATURE AND CHARACTERISTICS OF THE INVESTMENT; 3) THE GOVERNMENT WILL CONTINUE ALLOWING RESIDENT TO CARRY OUT LEGAL ECONOMIC ACTIVITIES OF THEIR CHOICE WITHOUT EITHER DISCRIMINATING AGAINST FOREIGN INVESTMENT OR GIVING IT RIGHTS AND PRIVILEGES NOT ENJOYED BY DOMESTIC INVESTMENT; 4) THE GOVERNMENT WILL NOT SUPPORT FOREIGN INVESTMENT IN FIELDS WHERE NATIONAL INVESTMENT AND LOCAL ENTERPRISES ARE MEETING THE NEEDS EFFICIENTLY; 5) WITH REGARD TO THE DEVELOPMENT OF ACTIVITIES THAT ARE BASIC FOR THE TOTAL ECONOMY OF THE COUNTRY OR THAT EXPLOIT IMPORTANT NATURAL RESOURCES (FOR EXAMPLE MINERALS AND FORESTS) THE GOVERNMENT WILL PROMOTE FORMATION OF MIXED ENTERPRISES IN WHICH PUBLIC CAPITAL AND LOCAL PRIVATE CAPITAL ARE ASSOCIATED WITH FOREIGN CAP-
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ITAL IN SIGNIFICANT PROPORTIONS AND HAVE DIRECT PARTICIPATION;

6) IN THE CASE OF ACTIVITIES THAT PRODUCE DURABLE CONSUMER
GOOD AND INDUSTRIAL GOODS, THESE ACTIVITIES MUST BE INCORPORATED
ADEQUATELY INTO THE REST OF THE PRODUCTIVE SYSTEM AND THE GOVERN-
MENT WILL PROMOTE THEIR EXPANSION TO SERVE EXPORT MARKETS ; 7) THE
GOVERNMENT WILL FULLY SUPPORT ACTIVITIES THAT CONTRIBUTE IN
AN IMPORTANT WAY TO EMPLOYMENT OF LABOR AND TO AN INCREASE OF
EXPORTS.

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